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# CONSTRUCTION IN THE CLOUD

## Recession-proof Your Contracting Business

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# Recession-proof Your Contracting Business

By Jessica Kirby

The past two decades have seen huge changes in the construction industry, the most important of which include tighter deadlines, shorter lead times, and supply chain delays. As inflation, the global economy, and international pressures affect contractors across North America, business owners are reaching for agile, resilient solutions that are cost-effective and improve the bottom line.

The global crisis of 2020-2021 taught us that technology keeps the most resilient companies afloat. That's because digitally mature companies can pivot more quickly, since many of the company's day-to-day, manually cumbersome tasks have been automated, leaving employees free to maximize their talent.

"A company with a robust technology solution has up-to-the minute, real-time data available at all times, and can leverage this data in decision making," says James Beveridge, CEO of BuildCentrix. "Cloud-based technology means all the right people can access the data from anywhere and on any device, facilitating collaboration and reducing the time it takes to perform certain tasks."

In ideal conditions, businesses use their tech to increase productivity, ensure products get to the right place at the right time, and meet economic targets. In a crisis situation (such as a recession), the focus remains on these areas but sharpens to seek improvement through innovation. Here are some important

areas to focus your tech investments so when the going gets rough, your company comes out swinging.

Build downtime into your overall business strategy. "We know the construction industry is subject to economic cycles, the housing and labor markets, the supply chain, and the cost of materials," Beveridge says. "Long-term survival and success are more realistic when you are planning effectively for the down times. This should be part of the company's overall operational and technology strategies, so there are no surprises."

With real-time financial and operational data, you should be able to get a sense of how vulnerable your business would be in a downturn. Review your financials and try to envision what areas of the business would be most affected and how long you would survive with disruptions to your cash flow, labor supply, or supply chain. (Besides being a good tool for forecasting, this is a good way to evaluate areas of the business that aren't adding value or opportunities to shift direction).

Based on this information, decide on what kind of reserve you might need to get through a rough patch. "Cloud-based technology platforms that connect all your departments are a smart way to predictably manage cashflow and help with thoughtful, forward-thinking financial management," Beveridge says. "Seeing all stages of the cashflow, from ordering to fabricating to delivery, is the best way to get a holistic view of the system and a sharp eye on where changes might be necessary in preparation for the leaner times."

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Keep the cycle moving. You'll never be able to create a cushion unless there is money coming in. Online, in-field ordering facilitates tidier timelines and eliminates time-wasting errors. Even connecting the accounting, operations, and shop with the right software solution can amount to important gains in your bottom line.

Use your technology solution to diversify your business so that you have options in the event one market sector slows down. "Use the time and cost savings to refocus on the more recession-proof areas of the business, like capital projects and publicly funded buildings," Beveridge says. "A strong technology/ERP solution makes expansion that much easier."

Preserve the savings you already planned for by staying on budget. Avoid cost overruns, manage the project onsite, and create accessible data the entire team can leverage to help stay on budget. "This data can also be used to accurately predict and estimate future projects," Beveridge says.

Be smart about spending. Although the knee-jerk reaction in a downturn is to cut spending, consider rethinking your spending strategy instead. Rather than cutting back on labor, for example, which can backfire when business rebounds, use your forecasting data to lean operational costs.

"A good strategy would use real-time data to identify inefficiencies and opportunities for cost savings," Beveridge says. "For example, rethinking how a warehouse is laid out or assigning orders to specific trucks and bays can create some great opportunities to improve productivity."

Consider staged automation that brings the best out of your employees. The best technology strategy will help your team maximize its talents and passions by automating the most crucial and repetitive daily tasks. Besides encouraging employees to operate at a higher level, automation also reduces the risk of error and saves valuable time.

Look for a technology provider that is always innovating. Thanks to advancements like Big Data, the Internet of Things, and cloud-based tech, companies can tackle difficulties at a reasonable cost and for a quick ROI. "Choose a provider that delivers ongoing innovation," Beveridge says. "Connect with the tech you need now but approach it as part of a long-term plan for your business, and make sure your provider can grow with your company."

When the economy dips, spending money can seem counterintuitive, but the benefits of investing in the right technology solution can't be understated. "There are tangible benefits to the right solution, including automating processes, gaining real-time, functional planning data, and reorganizing for maximum productivity," Beveridge says. "Most contracting businesses are data driven—or should be—and the better the data, the better the long- and short-term planning decisions owners can make." ■

# Three Construction Budget Mistakes and How to Avoid Them

By Jessica Kirby

The construction budget is arguably the most important component of the project—stick to it, and the company earns revenue; fumble it, and the project may not even complete. Good budgeting means solid best practices in risk evaluation, estimating, and project communication.

A robust technology solution that connects all departments in a contracting company can help mitigate any upsets that occur during the budgeting or construction processes. Let's look at three common budgeting mistakes, how to avoid or mitigate their consequences, and how technology can help.

1. Miscalculation of project costs. Budgets that fail to estimate the initial costs might be doomed from the beginning. Deciding the budget and schedule early and accurately can help avoid issues later in the project. Even though the lowest bid will likely get the building owner's attention, resist the urge to lowball. These measures will always catch up with you, doing far more damage to your company's reputation when the actual costs surpass the estimate.

   How tech can help: Standardizing the estimation process is the best way to collect accurate, comparable data. Digital estimating brings all relevant data together—labor, materials, and time—and allows you to view and assess the project plans electronically. This reduces the resources required to create an accurate bid and the possibility of errors. As a bonus, historical data can help you understand your bid win to loss ratio and other trends so you can fine tune your process.

2. Inadequate planning. Rushing through the planning phase is almost guaranteed to result in budgetary mishaps. This is the time to identify construction design flaws that affect your scope, permit delays, circumstances that may cause scope creep, or labor/capacity deficiencies. Failure to identify these issues can at minimum blow the budget and at worst result in disagreements and even lawsuits.

   How tech can help: The right technology solution is robust in its internal communication function, so you can consult with each department and departments have accurate information when consulting with the building owner, engineers, and other trades. Calculating labor capacity can help ensure no one will be over-burdened, and having access to features like the ability to upload blueprints and draw over them electronically will help identify and anticipate risks.

3. Poor communication with stakeholders. Communication errors can lead to misunderstandings, budget overruns, and significant project delays. It is essential to prepare and share detailed documentation of scope, project goals and deliverables, timelines, and cost information early. Never rely on verbal agreements.

   How tech can help: Besides providing a detailed paper trail, your construction tech solution should update all related fields as change orders occur. Streamlined internal commuication will keep teams connected and armed with up-to-the-minute data. Consider a provider with flexible scheduling and delivery capability to manage timelines and mitigate delays.

## Controling your budget

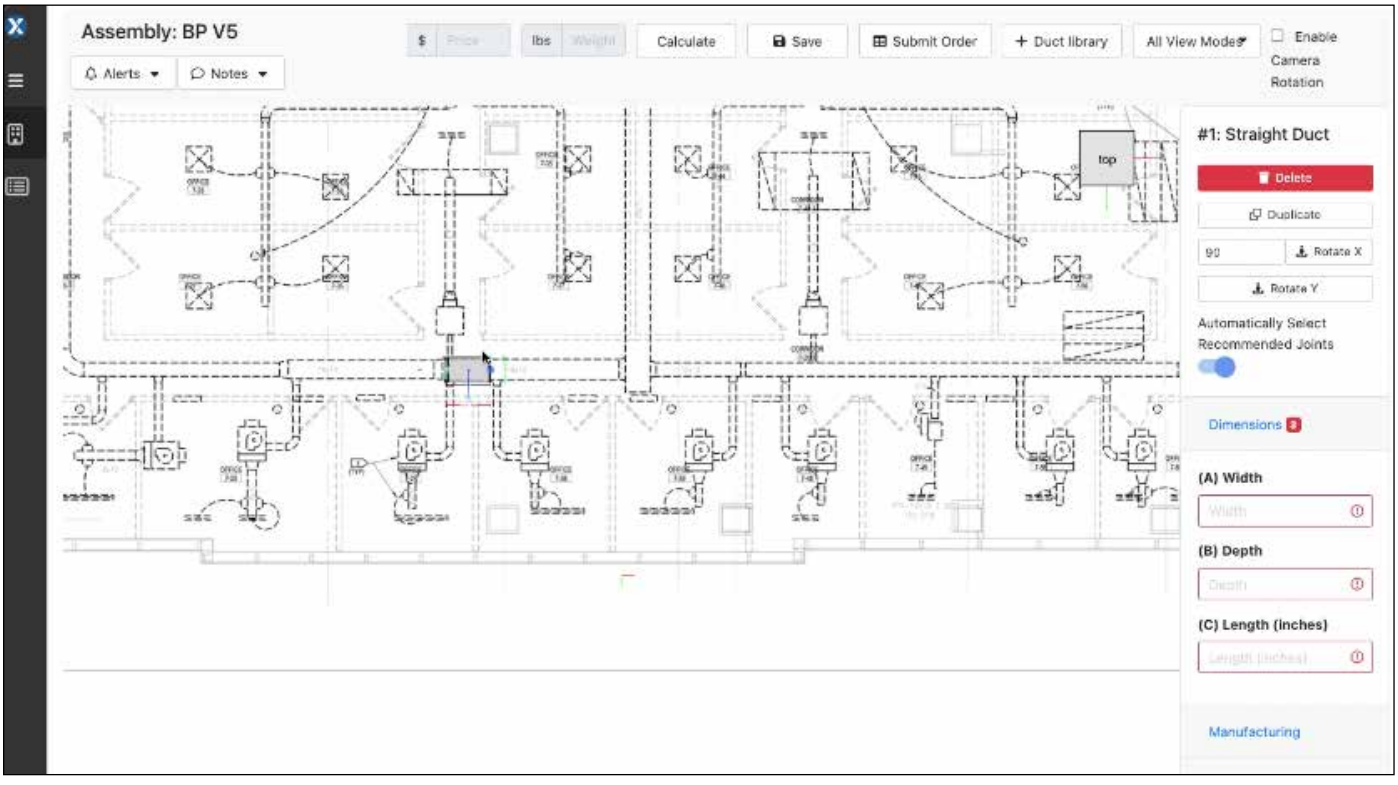
If budgeting becomes a constant or repeat issue, it might be time for stronger measures to help you feel more confident in your budgeting decisions.

- Consider increasing the amount of time you spend on project planning by 50%. You can always decrease that if the process becomes smoother.
- Get a second set of eyes—like a project manager or fabrication lead—to look over the plans and watch for oversights.
- Consider getting professional help, such as a lawyer with experience in the construction field.

Learn more about what kind of data you could be collecting to perfect your budgeting habits at | *buildcentrix.com* ■

## Blueprint Trace Over Released

BCX is pleased to release its blueprint/plans upload and traceover capabilities. This new, unique in the industry tool allows users to complete a takeoff in 3D on any device and with no software. ▪

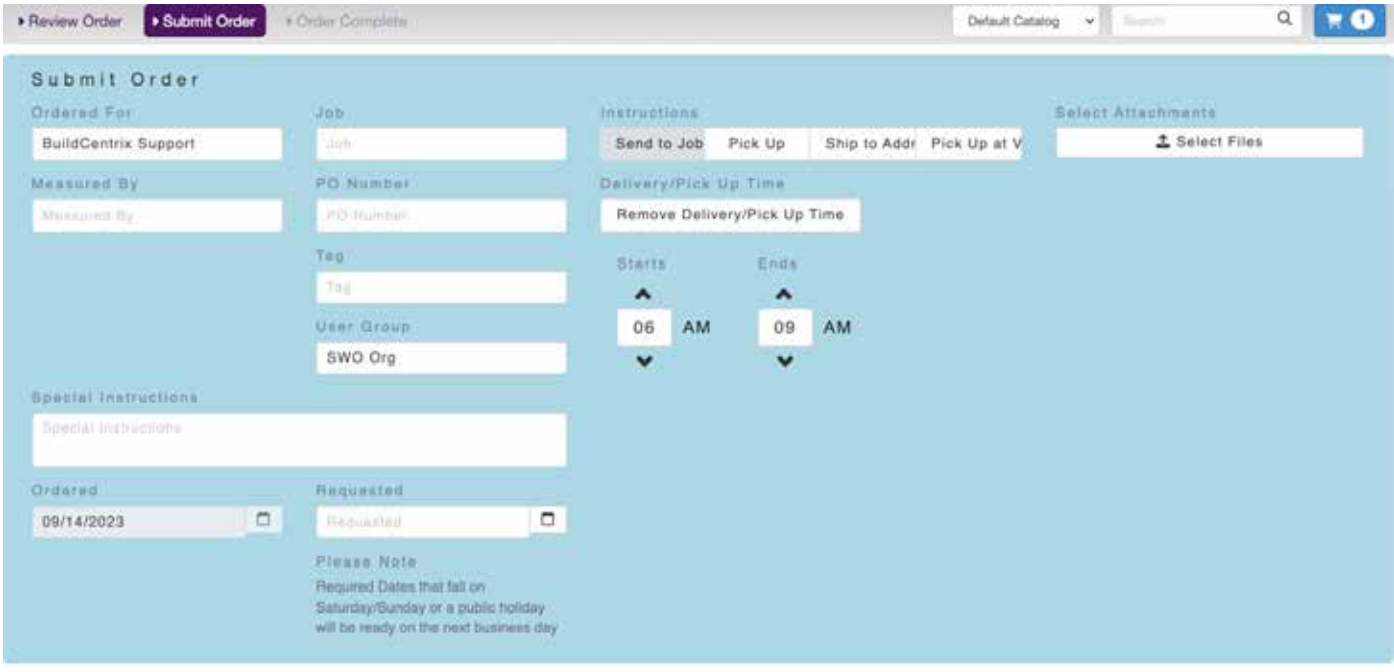



## New Landing Page

This month, BCX is launching a new landing page that lets users "choose their own adventure," so to speak. From the landing page, users can quickly navigate to any area of the application or set any area of the BCX application to appear as the landing page upon sign-in. ▪

## Shipping/Delivery Time Windows

Coordinating delivery time on site is a challenge for any mechanical contractor. With the implementation of delivery windows, the manufacturing facility can view and sort their production tickets/spools by the requested time on site, simplifying truck management. ▪




## Enhanced Communication

If the production or shipping date is updated on an order, the recipient in BCX will now receive an email. The order email that's created when an order is placed will also contain 'fulfillment groups'.

BCX has also added a tie-in between manufacturing and logistics statuses. When an order is flagged as 'ready' in manufacturing, the shipping status will automatically move to 'ready to ship'. ▪

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BCX comprises the following modules. While there is no requirement to use them all, they are available for contractors to grow into.

- Field ordering of sheet metal and piping and plumbing
- Machine integration
- CAM integration (Trimble, PractiCAM, CAMduct)
- Watts Orbital Welder
- Field timecards
- Shop timecards
- Labor reporting
- Payroll integration (all applicable payroll packages for contractors)
- ERP/accounting integration for jobs and labor codes
- Revit® integration
- CAD integration
- Content generation (not dependent on old Windows databases)
- Labor and material costing and pricing